



REVISING FIVE-YEAR STRATEGIC PLANS

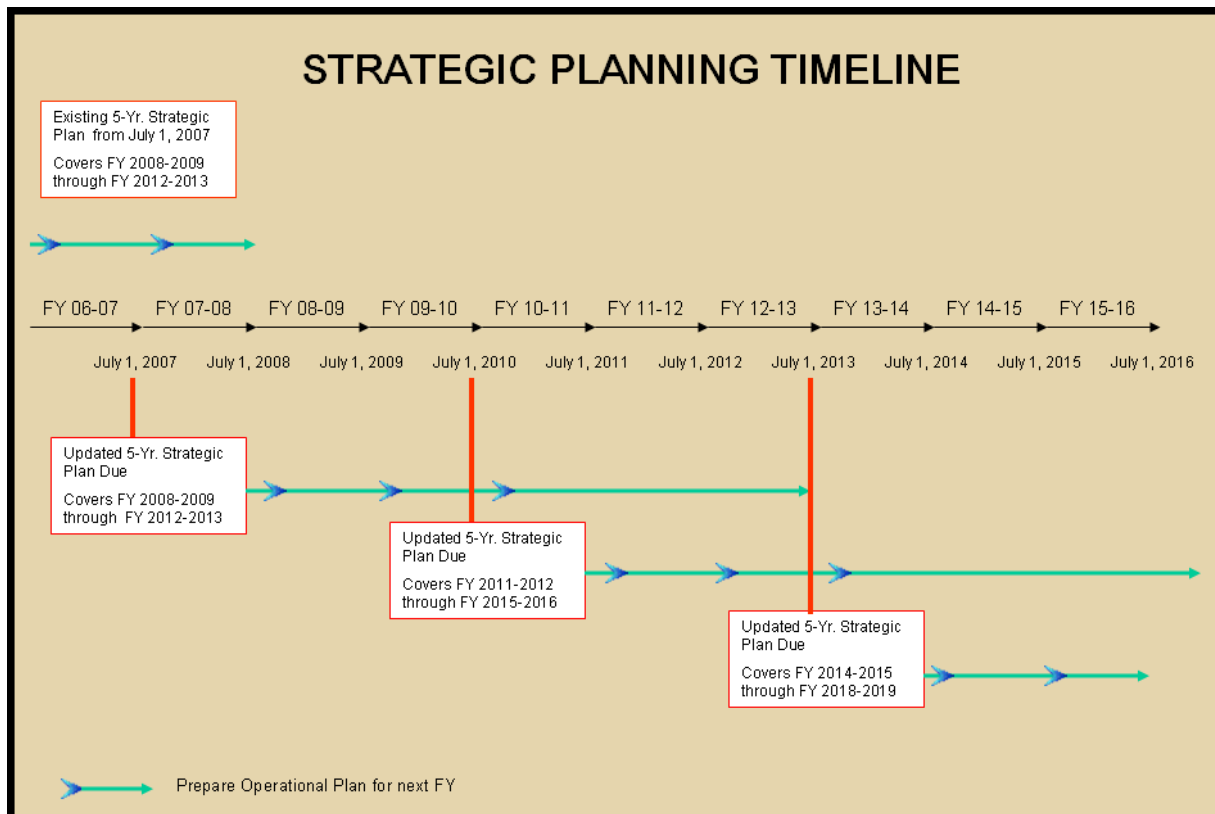
Title 39 of the Louisiana Revised Statutes requires that department/agency five-year strategic plans be revised and updated, at a minimum, every three years. Each strategic plan remains a five-year plan but is moved three years into the future and revised accordingly.



REMINDER: Revised department/agency five-year strategic plans are due July 1, 2010.

Time Span of the Strategic Plan

Your revised strategic plan must cover the period of FY 2011-2012 through FY 2015-2016. The Strategic Planning Timeline shown below may help you gain a clearer understanding of the periods covered by five-year strategic plans (with required updates every three years) and how they progress operationally.



Components of the Strategic Plan

Specific requirements for strategic plan components are set forth in statute. These statutory requirements and the components of the strategic plan are described in the strategic planning links on the OPB website - <http://www.doa.louisiana.gov/opb/pbb/strat.htm> - and in [MANAGEWARE: A Practical Guide to Managing for Results](#). Strategic plans must be formulated and submitted according to statutory requirements and guidelines established by the OPB.

Post-secondary educational institutions are subject to additional process guidelines and timelines established by system governing boards and the Board of Regents for Higher Education.

Submission of the Strategic Plan

By statute, strategic plans must be submitted to the commissioner of administration (through the OPB) and the standing committee of each house of the legislature having responsibility for oversight of your department/agency. As a practical matter, your plans should be provided to other entities that have responsibility for review and evaluation of performance information: House Fiscal Division, Senate Fiscal Section, Legislative Fiscal Office, and Office of the Legislative Auditor. Further, strategic plans are public documents. To facilitate submission of agency strategic plans and make these public documents more readily accessible to stakeholders and the public, the **guidelines for agency submission require website publication of strategic plans and strategic planning process documentation**.

To submit your revised strategic plan, post your strategic plan (along with your process documentation) on your department/agency website by July 1, 2010. Provide electronic notification of the availability and web address of your plan to the OPB and the other entities identified above. Send e-mail notices to the OPB analyst, OPB budget manager, and legislative committee staff members who are assigned to work with your agency; also send an electronic notice to the director of the Performance Audit Division of the Office of the Legislative Auditor. If you do not know who to contact or do not have e-mail addresses for these individuals, consult the OPB website (<http://www.doa.louisiana.gov/opb/index.htm>), the Louisiana Legislature's website (<http://www.legis.state.la.us/>) and the website for the Office of the Legislative Auditor (<http://www.la.state.la.us/>) or contact these offices directly for information.

Unless your agency lacks website capability, hard copy or other electronic submission of plans and documentation does not substitute for website publication. Agencies that do not have a website (or webpage on a department website) must submit two (2) hard copies of their strategic plans and plan documentation to the OPB and one (1) hard copy each to all other entities identified above. Agencies in this situation should notify the OPB immediately that hard copy submission will be necessary.

Recommendations for Plan Improvement

This major strategic plan revision offers you the opportunity to refresh, upgrade, and improve your strategic plan. Unless your department and component program missions have changed drastically, it is likely that you will continue to provide many of the same core services to the same customers as in your current strategic plan. However, your revised strategic plans may reflect significant changes in policies, priorities, and targeted outcomes as a result of the upcoming changes in executive branch administration. Further, most existing plans would benefit from more specific, results-oriented objectives and innovative strategies incorporating the targeted outcomes and strategies of the nine State Outcome Goals, which were first introduced during the FY 10-11 budget development process, other statewide strategic initiatives, as well as the impacts of technology and economic and demographic patterns and trends. Specific recommendations for plan improvement are:

Your strategic plan is not a five-year operational plan. It focuses on a “to be” state; it embodies leadership vision and initiative; it articulates policy and program decisions that drive individual operational plans. Do not base your strategic plan on the expectation of replaying your current operational plan for five years. Instead, make a realistic determination of where your organization wants to be in five years and then look at how you can get there operationally.

Base your plan on data. Assess the efficiency and effectiveness of your processes. Analyze and evaluate your performance track record, using the Louisiana Performance Accountability System as a tool. Measure your internal processes; quantify “before” and “after” stages; and determine turnaround times as well as cost per service unit. Identify issues or problems, using annual “Act 160” management analysis reports compiled by your department undersecretary as one source.

Include external comparisons in your planning process. A frequent question asked by policy and budget decision makers is: “How does Louisiana compare to the nation or other southern states?” Benchmark for best management practices and best measurement practices.

Incorporate applicable components of statewide plans or coordination efforts into your strategic plan. These include, but are not limited to: State Outcome Goals, Children’s Cabinet; Louisiana Workforce Commission; hurricane preparedness and recovery plans and initiatives; Department of State Civil Service workforce planning; Office of Information Technology statewide standards and strategic planning efforts; and the state’s master plan for higher education, if applicable.

Formulate SMART (specific, m measurable, a aggressive but attainable, results-oriented, and timebound) objectives. Do not set vague objectives. Do not create objectives that list the activities you conduct—things that you do—each year. Instead, target specific change or action in the way you deliver services, the quality or level of services provided, or the outcomes generated by those services. Without SMART objectives, your ability to track progress is crippled from the beginning.

Performance Indicators

Over the years, there have been many questions about the number, type, and level of performance indicators that should be developed and reported. Further, there has been some confusion about changing or modifying performance indicators during the lifetime of a strategic plan. The following pointers may help clarify these issues:

- ➔ Develop balanced sets of performance indicators to measure the progress of your strategic plan. Select as many indicators of input, output, outcome, efficiency, and quality as needed to tell a complete performance story; but, you must have at least one outcome-based indicator for each program activity. Use the performance indicator matrix at the end of these guidelines as a tool to develop balanced sets of indicators.
- ➔ Use explanatory notes to put indicators in context, show the interaction of indicators, and explain performance variables, such as target group characteristics, internal capacities, and external factors.
- ➔ Identify the management and decision level(s) at which indicators will be reported and used. As a general rule, all indicators should support internal management, but not all indicators need to appear for performance-based budgeting. Think about how those indicators you designate for performance-based budgeting will be reported operationally. However, be prepared to provide additional detailed performance data from your management-level indicators when necessary to clarify or explain performance issues.
- ➔ For performance indicators that will appear for performance-based budget decision making, think about the level (key, supporting, or general performance information indicator) at which those indicators will be used for operational planning and performance progress reporting.
- ➔ Be prepared to use and report indicators under the same name, same definition, and same method of calculation for the lifetime of the plan. Continuity and consistency are vital performance indicator characteristics. Select the best possible sets of balanced indicators now in order to avoid indicator shifting during the operational cycles guided by your strategic plan.

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Changes to performance indicators during the lifetime of a strategic plan may be made only for compelling reasons and must be discussed beforehand with OPB and legislative staff.

Nonetheless, it is recognized that a few indicators (those associated with a short-term outcome or strategy that begins and ends sometime within the lifetime of the plan) may not last the entire lifetime of the strategic plan.

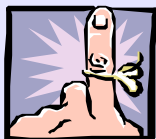
The “80/20 rule” will typically apply. That is, 80% of indicators will be ongoing measures of core program activities and outcomes; 20% of indicators will reflect one-time, intermediate, or limited-term improvements or accomplishments that pass into and out of the plan.

- ➔ Chances are that many of your present performance indicators will be retained in your new strategic plan. Strategic plans are mission-driven as well as results-oriented. You may alter the amount or degree of outputs, outcomes, efficiencies, and quality that you want to achieve as part of your mission; you may overhaul the strategies through which you carry out your mission and accomplish your goals and objectives. However, if your department and program missions remain essentially the same, then most of your core indicators should continue to be of value.
- ➔ If your plan calls for significant changes in the kinds of outcomes to be achieved and the ways in which you will go about achieving them, then it may be necessary to capture some new performance data. If you identify and select new performance indicators in your strategic planning process, gather sufficient baseline information to set reasonable objectives and immediately organize your internal data collection/accountability system to support operational planning and performance reporting.
- ➔ Most of the performance indicators in use now are “consensus” indicators; that is, they have been developed with input from agencies, the OPB, and legislative staff and reflect the identified needs and preferences of policy and budget decision makers. So, be prepared to discuss indicator changes with end users (such as the OPB and legislative staff) in order to ease the reporting transition operationally. This may mean maintaining and reporting some older indicators as general performance information or even supporting indicators until an appropriate comfort level with new indicators is attained.
- ➔ Because consistency in performance reporting enables program managers and budget decision makers to track performance over time and develop an understanding of business cycles, performance track record, and the interplay of external factors, OPB and legislative staff monitor movement of key and supporting indicators to general performance information closely. Such shifts must make sense and be justified.
- ➔ There are many external factors over which you have limited control; even if you can't control a factor that affects your operations, you must get a handle on it. That is, you must understand how and why it affects your operations; you must track it; and you must anticipate its future impacts. The argument that a factor is uncontrollable does not preclude the tracking and reporting of indicators related to that factor. However, it may modify the level at which those indicators are reported.

Document the Planning Process

During previous rounds of strategic planning under performance-based budgeting, some departments/agencies neglected to complete process documentation materials. Please be aware that compliance with these statutorily required items is subject to audit. Further, compliance with performance-based budgeting processes and requirements constitutes a basis for eligibility for performance-based rewards and penalties. Use the strategy analysis checklist and performance indicator documentation sheets in *MANAGEWARE* as part of your process documentation. Use the “Act 160” management analysis reports compiled annually by department undersecretaries to help document the relationship between program evaluations and your plan. Keep records of your planning process.

REMEMBER: Consult *MANAGEWARE* for more in-depth “how to” information, planning tools, and examples of plan components.



Remember, also, to involve OPB and legislative staff at critical points in your strategic planning process. This is particularly true of development and selection of performance indicators to be surfaced for performance-based budgeting, since the needs and expectations of policy and budget decision makers in executive and legislative branches must be incorporated.

Because of time and workload constraints, OPB and legislative analysts are able to provide limited technical assistance and feedback during the budget development season and legislative session. Therefore, do not wait until the last minute to seek input from OPB and legislative staff.

Updated: November 2009